2. CONSUMER PREFERENCES

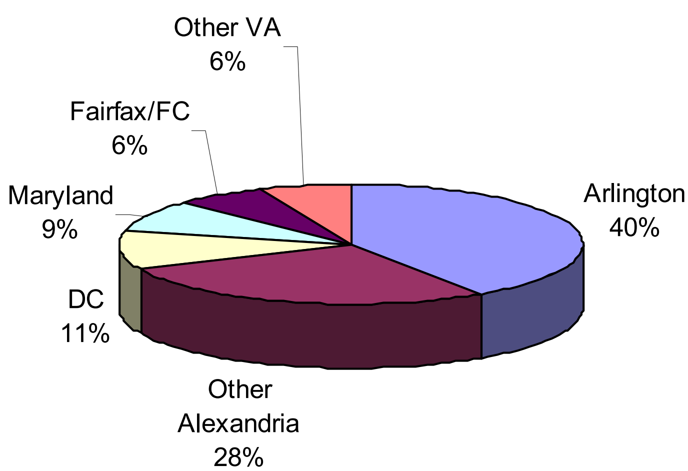
A Shopper's Intercept Survey was conducted to elicit input on Arlandria's strengths & weaknesses, competitive issues, and consumer demographics and behavior. This survey provided an opportunity for Arlandria's existing consumers to provide their suggestions on enhancing the area's marketability for retail businesses. The survey questionnaire was designed by the consultant and administered by Alexandria City staff during the summer of 2002. While this was not intended as a completely random, scientific survey, the results provided some useful input to the market potentials analysis.

Origin & Purpose of Visit

Almost exactly 50% of the consumers interviewed live within the Arlandria neighborhood, confirming the importance of the walk-in trade to existing neighborhood businesses. This number is consistent with data from the business interviews suggesting that about 72% of sales are generated from within a five-minute drive of Arlandria.

Of the non-Arlandria shoppers, 40% are from Arlington and 28% are from other parts of Alexandria. In addition, 11% are from Washington, D.C., 9% from suburban Maryland, and 6% each from Fairfax County and other parts of Virginia.

Origin of Non-Resident Arlandria Consumers
Source: Randall Gross / Development Economics



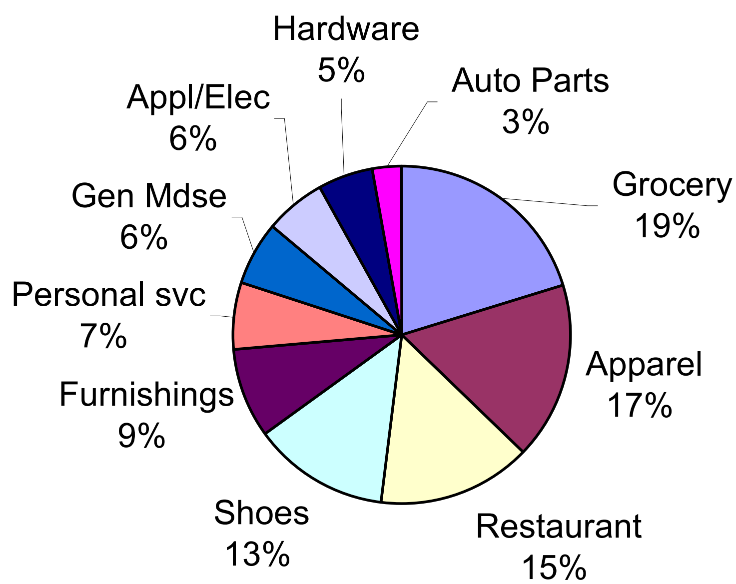
Among interviewed consumers, 65% were visiting Arlandria's commercial district principally to shop, primarily for food and groceries. Another 12% were eating at one of the area's restaurants. About 8% were in Arlandria visiting friends, 8% were passing through on their way to work or school, and 6% were getting services such as a hair cut or to pick up cleaning. Only 2 of the individuals interviewed were there to window shop, people watch, or just to "hang out."

Arlandria Consumer Retail Preferences

Consumers provided input on the major types of retail businesses they felt are needed in Arlandria. Several consumers listed all retail categories, but there were some overall preferences.

Arlandria Consumer Preferences

Source: Randall Gross / Development Economics



Despite the fact that there are eight grocery stores in Arlandria, consumers still list grocery stores/pharmacies as their number one preference, at 19% of all responses. Groceries already account for most regular purchases in Arlandria. For the most part, shoppers were referring to the need for a large supermarket, such as Giant, Safeway, or Shoppers Food Warehouse. Consumers listed apparel stores a close second, with 17% of all responses, followed by restaurants (15%), shoe stores (13%), and home furnishings (9%).

<u>Specific Retail Stores.</u> Shoppers listed their specific store preferences as well. At the top of the list were large, big box discount chains that offer the wide

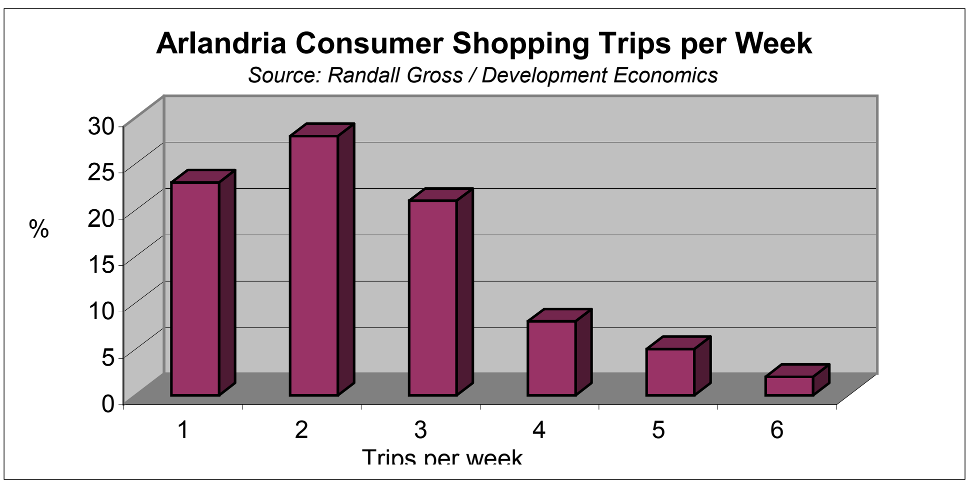
variety of groceries and merchandise at the lowest prices. The retailers most often mentioned (ranked by number of responses) were:

1. Wal*Mart / Sam's Club
2. Kmart (now in Chapter 11)
3. Sears, Home Depot, Ross Dress-For-Less
4. Shoppers Food Warehouse
5. Lowe's
6. Giant, Safeway,Target, Payless Shoes

A large number of respondents also mentioned stores by specific type, with a particular interest in dollar and discount stores, movie theaters, and sporting goods stores. In addition, a number of people also expressed the need for parks and family space, a large shopping center or mall, and a post office.

Spending Behavior

Most shoppers are making regular trips to the Arlandria commercial district, of between one to three times per week.



The largest number of shoppers visits the area at least two times per week, with a weighted average of 2.48 trips per week. Arlandria shoppers are spending an average of $47.64 per trip, with the largest number of shoppers spending between $30 and $50 per trip. At least three respondents stated that they spend over $150 per trip to Arlandria. Assuming the average number of trips and the average expenditure per trip, the typical Arlandria consumer is currently spending over $118 per week in the Arlandria commercial district, for a total of about $6,000 per consumer, per year.

The average shopping trip expenditure was confirmed through a question regarding the amount spent in Arlandria on that day (of the shopper interview). An analysis of those responses found that consumers had spent a weighted average of $44.62 in Arlandria on the day of the shopper interviews, only slightly less than the calculated amount-per-trip number derived from a separate question.

Almost 70% of consumers interviewed for this survey stated that they have household incomes of less than $30,000, with 33% having incomes of less than $20,000 per year. Only 15% of consumer households have incomes in excess of $50,000 per year, with just one person stating a household income of over $100,000. These incomes are significantly lower than area averages and suggest that the commercial district's consumers (or at least the ones who responded to the survey) may not even be representative of the surrounding Arlandria community. There may also be anomalies in the ways in which the data were collected.

Competitive Locations

Arlandria resident consumers without vehicles are somewhat confined to shops within walking distance of their homes. However, even those with the least mobility suggested that they often take the bus or ride with a friend to other shopping locations. The most frequently mentioned competitive nodes were:

1. Potomac Yard (16%), especially Shoppers Food Warehouse
2. Landmark Mall (15%), especially Hecht's
3. Ballston Common Mall (13%)
4. Various Washington, D.C. and Maryland locations (11%), including Georgetown, Adams Morgan, downtown Silver Spring, Landover Mall, Prince George's Plaza, Oxon Hill, Marlow Heights, and Waldorf.
5. Springfield Mall (9%)
6. Potomac Mills / Woodbridge (7%)
7. Route 1, Old Town, and other parts of Alexandria (7%)
8. Other Arlington (6%), especially the Giant on Glebe Road
9. Pentagon City Mall (4%)
10. Crystal City Mall (4%)

Shoppers also mentioned the Home Depot in Falls Church, Bradlee Shopping Center, Kingstowne, Manassas, and even Richmond and New York City.

Arlandria Strengths and Weaknesses

Shoppers were asked to discuss the strengths and weaknesses of Arlandria. By a wide margin, consumers mentioned "the people," especially the Latino community, as the most important strength in Arlandria's commercial district. Whether consumers were residents of Arlandria or from other parts of the region, the cultural strengths were most often listed as the area's greatest asset. Among the more specific explanations were the "common ties," "kindness," "diversity," "Hispanic culture," and common language that bring people together in this community.

Consumers also recognized the many Latino food markets and other Hispanic businesses as an important strength, consistent with the overall recognition of Arlandria community's cultural assets. Many respondents specifically mentioned La Feria and Ramos III by name.

The important role of the CVS drugstore as a retail anchor in Arlandria was confirmed through this survey, with 15% of all respondents recognizing CVS individually as a strength for Arlandria. The Food Rite / Foodway, Blockbuster, RT's, 24-Hour Express, and many other individual stores were mentioned; but none as consistently as La Feria and CVS, which have clearly made a positive impact on Arlandria's consumers.

At least 10% of respondents specified that Arlandria has no strengths at all, mainly since it lacks a major retail node to attract them for shopping. Among the area's weaknesses, its unattractiveness and uncleanliness were mentioned most frequently, with 31% of all responses on a question about the area's problems. That the area lacks the right kind of stores and lacks things to see or do was also mentioned frequently, by 22% of respondents each. Parking was an issue for about 18% of consumers. Other serious issues raised by those interviewed were crime and safety (such as lingering gang problems), loitering (especially by people perceived to be intoxicated), and the lack of access to parks and open space.

Consumer Recommendations

Consumers also provided input on the types of stores, actions, or activities that would help attract more customers to Arlandria. Among the most frequent responses were:

1. Cleaning the area and making it more attractive (15%)
2. Having more parkland, green area, and open space (14%), especially for children and for outside dining.
3. Attracting more restaurants (13%), especially Latin and family-style restaurants.
4. Attracting larger, name-brand stores (13%), such as Wal*Mart, Kmart, Ross Dress-for-Less, etc.
5. Having more Latin stores, cultural attractions, people (8%)
6. Attracting a movie theater and more family entertainment (7%)
7. Attracting more discounters and lower-priced retailers (7%)
8. Filling or demolishing the vacant buildings (Datatel, Safeway) (7%)
9. More food stores (especially Latin) and grocery stores (5%)
10. Improving safety and reducing loitering by drunks (3%)

In general, consumers feel that the area has a low-grade image, due in part to the perceived uncleanliness of the physical environment, loitering by undesirables, lack of green space, and continued presence of large vacant buildings. Efforts by the City (with the Upper Potomac West Task Force and the subsequent Work Group) aim to address many of these issues.